

Legislative Analysis



EARLY VEHICLE LEASE TERMINATION FOR ACTIVE MILITARY PERSONNEL

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House Bill 5174 (Substitute H-1)

Sponsor: Rep. Gino Polidori

Committee: Military and Veterans Affairs and Homeland Security

Complete to 1-30-08

A SUMMARY OF HOUSE BILL 5174 AS REPORTED FROM COMMITTEE

The bill would create a new act known as the Military Personnel Motor Vehicle Lease Act to allow certain active military duty service members to terminate motor vehicle leases. The bill prescribes certain rights and responsibilities of the lessees and lessors, among other things, and would do the following:

Conditions of Lease Termination. A service member who is deployed on active duty for 180 days or more, or the spouse of that service member, could terminate any motor vehicle lease if the motor vehicle lease is entered into on or after the date of this act, the motor vehicle lease is executed by or on behalf of the service member as lessee, and the motor vehicle lease is executed before the service member is deployed on active duty.

Under the bill, a termination of the motor vehicle lease is effective on the date when all of the following are met : (a) the deployed active duty service member (or his or her spouse) provides the lessor, by certified mail, a written notice of the intention to terminate the lease, a copy of the orders calling the service member to active duty, and a copy of any orders further extending the service member's period of active duty; and (b) the motor vehicle subject to the lease is returned to the control of the lessor within 15 days after the delivery of the written notice defined above.

If a motor vehicle lease is terminated, the lessor (e.g., an auto dealer) could not impose an early termination charge. However, the lessee would be required to pay any taxes or relevant fees, and any other obligation and liability of the lessee under the terms of the lease, which could include reasonable charges for excess wear, use and mileage that are due and unpaid as of the date of termination. The lessee would be responsible for paying any past due lease payments and a pro rata share of any current lease payments owed. If the lease is terminated, the lessor would be required to refund to the lessee any amounts paid in advance within 30 days after the effective date of the lease's termination.

Civil Actions by Lessor and Attorney General. Under the bill, before the effective date of a lease termination under the new act, the lessor could bring civil action, and if appropriate, obtain equitable relief from all or part of the lessor's obligations to the lessee under the action. In addition to any other penalty provided by law, the attorney general could file a civil action in which the court could impose on the lessor a civil fine of \$1,000 for each violation of the new act. Money recovered under from such civil actions

would be forwarded to the state treasurer for deposit into the military family relief fund as provided in the Military Relief Fund Act of 2004.

FISCAL IMPACT:

There would be an indeterminate fiscal impact on state government and local government. It is unknown how many vehicle leases would be terminated by eligible active duty service members under this bill and how many civil actions would be filed by the Attorney General for lessors that violate the conditions of this bill. The Military Family Relief Fund would receive money recovered by the Attorney General for these civil actions, but the amount that would be forwarded to the Military Family Relief Fund cannot be determined. The Attorney General may generate some expenses for filing civil actions, and the courts may also generate both expenses and revenues for these civil actions.

POSITIONS:

Department of Military and Veterans Affairs support the bill. (1-23-08)

Catholic War Veterans support the bill. (1-23-08)

Military Order of the Purple Heart supports the bill. (1-23-08)

Representatives of the American Legion and the Marine Corps League testified in support of the bill. (1-23-08)

Legislative Analyst: E. Best
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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.